HON'BLE MR. A. THANU PILLAI.

Mr. President, Sir,

I trust I shall be forgiven if I start by saying that this Budget which I have the privilege to present to this House will remain an unforgettable one in the history of Travancore, because it is the first Budget of a free peoples' Government in the State. Behind that fact, lies the history of a whole people who, for eleven long years, passed through the very difficult times of the struggle they carried on for their freedom. No one will or can ever forget the many fiery ordeals which the people faced with undefeated courage, sacrifice and conviction. Some of those who stood with us in those strenuous times are no longer with us and we pay our homage to them. It is here that the memory of Mahatma Gandhi, the Father of the Nation, overwhelms us. It was he who more than any other leader inspired and sustained us in our darkest days. But for the inspiration and the strength that came to us from him we would not have passed from strength to strength, till we became strong enough to take charge of the entire Administration of the State. Let us all therefore remember Mahatma Gandhi and take the vow that we shall build up Travancore, as he would have wished, a Travancore, in which the common man will occupy the centre of the stage in all our plans of social reconstruction. Let us also pay our grateful homage to His Gracious Highness the Maharaja, who has granted us the charter of our freedom and entrusted to us the task of framing a constitution worthy of Travancore and truly reflecting the will of its people.

Travancore and India.

I am sure this House will realise that Travancore has now become an integral part of Independent India and that whatever policies and programmes we make for the future of the State will have to be, as far as possible, in harmony with those of the Indian Union Government. His Highness' present Government have yet to take stock of all the exact implications arising out of the Stand Still Agreement and the long range fiscal, financial and economic relations between Travancore and the Union Government remain to be carefully considered.

General Financial Policy.

The principle that a Government's financial policy should be so planned as to rectify as far as possible the economic maladjustments of the time is a widely accepted one. Accordingly, in framing the Budget estimates for the next year, I have kept in view the improvement, in all possible directions, and to the extent possible, of the average economic status of the common people.

What I would consider the principal features of the Budget all relate to real Nation-Building items seeking to pull up the common man in the country from his present bad plight. No one

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[Hon'ble Mr. A. Thanu Pillai]

realises better than I do that these provisions are too inadequate to bring him sufficient or all round relief. But more was not possible under the present circumstances All I can say is, that God willing, we shall go on adding to these items from year to year till the entire budget progressively becomes a truly common man's budget.

Prohibition.

The introduction of prohibition in the six taluks of the State adjoining the boundaries of the Madras Province is the major special feature of the Budget this year. An area of more than one thousand square miles will go dry by the first of Chingom 1124 (17th August 1948) and the estimated loss of revenue under this head is Rs. 69 lakhs. But this loss in revenue will, I have no doubt, be richly compensated for by the moral regeneration and economic improvement in the lives of those who will come under prohibition.

Sales Tax.

In order to make good the financial loss due to the introduction of prohibition I propose to introduce a measure of direct taxation, *i. e.* "The Sales Tax" on the lines obtaining in the sister State of Cochin and the neighbouring Province of Madras. The total revenue that would come from the proposed Sales Tax will depend on the items of articles on which the Tax is to be levied and the rates that will be fixed. Moreover, the necessary legislation has to be passed and the tax can be introduced only by the middle of the year. Only a rough estimate of the yield is therefore possible at this stage and a conservative estimate would place it at Rs. 50 lakhs for the next year. But this has not been included in the Budget Estimate.

It is hoped that prohibition will be extended all over the State within the next few years. There is great enthusiasm for the measure among the people and appropriate legislation will be introduced immediately to deal with the preventive and constructive sides of Prohibition.

Income Tax.

The Income Tax Amendment Act I of 1123 provides for relief in the case of earned incomes and it is proposed to give such relief from the 1st Chingom 1124. It is proposed also to revise the rates of income tax and super tax.

Education.

Out of a total of Rs. 193·59 lakhs for Education, Rs 40 lakhs has been set aside for implementing the scheme of compulsory Primary Education. The allotment under noon-feeding of poor children is Rs 5·2 lakhs. Rs 1 lakh has been provided for Adult Education and another 1 lakh for Rural Libraries. Provision of

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